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FM AMEMBASSY ASHGABAT  
TO RUEHC/SECSTATE WASHDC PRIORITY 3609  
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE  
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RUCNMEM/EU MEMBER STATES COLLECTIVE  
RUEHAK/AMEMBASSY ANKARA 5777  
RUEHBJ/AMEMBASSY BEIJING 3488  
RUEHKO/AMEMBASSY TOKYO 3352  
RUEHIT/AMCONSUL ISTANBUL 4019  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RHEHNSC/NSC WASHDC  
RHMCSUU/CDR USCENTCOM MACDILL AFB FL  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUEKJCS/SECDEF WASHINGTON DC  
RUEHVEN/USMISSION USOSCE 3995

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001293

SIPDIS

STATE FOR SCA/CEN  
COMMERCE FOR EHOUSE

E.O. 12958: DECL: 10/14/2019

TAGS: [ECON](#) [ETRD](#) [PGOV](#) [PREL](#) [TX](#)

SUBJECT: TURKMENISTAN: BOEING CONTRACT CANCELED BECAUSE OF  
MISUNDERSTANDING

REF: A. ASHGABAT 1170

[1](#)B. ASHGABAT 988

Classified By: Charge d'Affaires Sylvia Reed Curran. Reasons 1.4 (B) a  
nd (D).

[1](#)1. (C) Two Boeing representatives met with Charge on October  
8 to relay the disappointing news that their 2008 contract  
with Turkmenistan Airlines had apparently just been canceled.

The contract was originally for two airplanes, to be  
delivered in 2013. They had subsequently agreed, at the  
request of the Turkmen government, to deliver the planes in  
2011, which would mean a loss of \$12 million for the company.

However, when the Boeing reps went to sign the supplemental  
agreement for the accelerated delivery with Turkmenistan  
Airlines on October 7, airline representatives told them,  
apologetically, that the contract had been canceled. To get  
more clarity, the Boeing representatives went to talk to  
Deputy Chairman for Transport and Communications Nazarguly  
Shagulyev. Shagulyev first said that financial problems were  
the cause of the cancellation. Then he opened up and told  
them that there had been a presidential order saying that  
Turkmenistan did not need any additional airplanes.

[1](#)2. (C) The Boeing reps are sure that there has been a  
misunderstanding. They think the agreement may have been  
presented to Berdimuhamedov as a new contract, instead of a  
revision of an existing one. Boeing officials had met with  
both Berdimuhamedov and Foreign Minister Rashid Meredov in  
New York at the U.S.-Turkmenistan Business Council dinner,  
and at that time both the president and foreign minister  
seemed happy with Boeing and gave them more time and  
attention than was given to the oil and gas companies.

[1](#)3. (C) The Boeing reps requested Charge's help to get a  
meeting with Meredov. They were sure that if they could  
explain the situation to Meredov directly, then he could fix  
it because "he had the president's ear." (Comment: Post has  
noticed that Meredov seems to be out of favor these days (Ref  
A), so Boeing's hopes may be misplaced. END COMMENT.)  
Meredov was unable to meet with Boeing, because he was out of

town until late on October 10. As of October 14, Boeing had not been able to arrange a meeting with Meredov. However, company representatives were invited to Turkmenistan's Independence Day celebrations, and they hope to meet with Meredov then.

14. (C) According to the Boeing reps, money cannot be the cause of the possible contract cancellation. The Turkmen government has already paid \$40 million on this contract and no additional payment is due until August 2010, when the Turkmen would need to pay only another \$8 million. The Boeing reps mentioned that they are happy to renegotiate payments, rather than have the whole contract canceled. The reps also told Charge that they had heard from Moscow sources that the Turkmen government is spending \$1 billion per month, and that they only have \$18-19 billion remaining in their Deutsche Bank account.

15. (C) COMMENT: Money may be more of a problem than the Boeing reps seemed to recognize, given the current lack of gas export revenues. According to other embassies, their companies are increasingly having problems getting paid. Turkish companies have been willing to self-finance, until the Turkmen finally pay what is owed, but several European companies have refused to start projects until they get some money up front. With the delivery of the new Boeings in August, perhaps the president has decided the airline has enough planes for the time being, as Shagulyev suggested. If that was indeed the case, no lower official would hesitate to cancel the contract, even if doing so did not make economic sense. END COMMENT.

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CURRAN